

**Notice of Funding Availability (NOFA)**

**MULTIFAMILY HOUSING PROGRAM (MHP)  
SUPPORTIVE HOUSING**

**2003-2004 FUNDING ROUND B-2**

**August 15, 2003**

State of California  
Department of Housing and  
Community Development

**2003-2004 FUNDING ROUND B-2**  
**NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**MULTIFAMILY HOUSING PROGRAM**  
**SUPPORTIVE HOUSING**  
**August 15, 2003**

**Table of Contents**

<u>NOFA Contents:</u>	<u>Page No.</u>
<b>PROGRAM DESCRIPTION</b>	
A. Introduction	1
B. Program Summary	1
C. Highlighted Program Changes	3
D. Eligible Project Sponsors	3
E. Eligible Uses of Funds	4
F. Eligible Projects	4
G. Households Eligible for Supportive Housing Units	4
H. Supportive Service and Property Management Requirements	5
I. Maximum Loan Amounts	6
J. Loan Terms and Security	6
K. Rent and Occupancy Limits	7
L. Developer Fee and Distribution Limitations	7
M. HUD Section 811 Projects	7
N. Prevailing Wage Requirements	7
O. Important Legal Matters	8
P. Legal Authority	8
<b>APPLICATION PROCEDURES</b>	
Q. Application Process	9
R. Optional Pre-application/Technical Assistance	10
S. Application Workshops	10
T. Application Submittal Procedures	10
U. Application Point Scoring	11
V. Disclosure of Application	12

**ATTACHMENT**

Nonresidential Space for Supportive Services Funding Requirements

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF COMMUNITY AFFAIRS**

1800 Third Street, Suite 390  
P. O. Box 952054  
Sacramento, CA 94252-2054  
(916) 323-3178  
FAX (916) 445-0117



**2003-2004 FUNDING ROUND B - 2**  
**NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**MULTIFAMILY HOUSING PROGRAM – SUPPORTIVE HOUSING**  
**August 15, 2003**  
**Supportive Housing Funding: \$25 million**  
**Nonresidential Space for Supportive Services Funding: \$5 million**

**PROGRAM DESCRIPTION****A. Introduction.**

The California Department of Housing and Community Development (hereinafter “HCD” or “Department”) is announcing the availability of funding for the development of rental housing containing permanent supportive housing units under the Multifamily Housing Program (MHP). Funding for this NOFA is provided under the Housing and Emergency Shelter Trust Fund Act of 2002 (Proposition 46). Applications are being accepted on an “over-the-counter” basis starting on September 15, 2003. Under a separate “General” NOFA, MHP funds are currently being offered for projects that do not include supportive housing units. (The MHP General NOFA is available on HCD’s website at <http://www.hcd.ca.gov/ca/mhp>).

**B. Program Summary.**

MHP is a streamlined, omnibus financing program for affordable multifamily housing developments. It provides funds to cover development (capital) costs only, and cannot be used for services or operating subsidies. Applicants may apply for funding under this NOFA for (1) projects containing Supportive Housing units only; or (2) projects containing Supportive Housing and Non-Supportive Housing units (mixed projects). Supportive Housing and Non-Supportive Housing units are defined below. The Supportive Housing units will be funded from the Supportive Housing funding component of MHP and the Non-Supportive Housing units may be funded from the “General” MHP funding component (the \$800 million omnibus program where funds are available for a variety of project types). The MHP “General” funds may be made available in amounts sufficient to fund the Non-Supportive Housing units that qualify for an MHP loan award.

**“Supportive Housing units”** means units offered as permanent housing linked to supportive services where occupancy is restricted to households that both (1) are homeless or at risk of homelessness and (2) include a disabled adult. See Paragraph G for a definition of “homeless or at risk of homelessness” and a list of qualifying disabilities.

**“Non-Supportive Housing units”** means other housing units, including Special Needs Population units (also defined below), in a development where at least 35 percent of the units are Supportive Housing units.

**“Special Needs Population” units** are units restricted to certain groups, as described in Section 7301(s) of the MHP regulations, that may not meet all of the qualifications required to occupy Supportive Housing Units, but who still need services linked to their housing, such as disabled households who are not homeless.

Applicants may apply for funding under this NOFA for a special set-aside of MHP funds for Nonresidential Space for Supportive Services for both “mixed” projects and projects consisting entirely of Supportive Housing units - provided the Nonresidential Space for Supportive Services is for the delivery of services directly related to the housing assisted by the requested MHP funds.

The chart below illustrates the MHP Supportive Housing funding that may be accessed via this NOFA, and the eligible uses, loans limits, and amount of funding available.

<b>MHP Funding Set-aside</b>	<b>Eligible Use</b>	<b>Loan Limits</b>	<b>Amount Available under this NOFA</b>
Supportive Housing	<ol style="list-style-type: none"> <li>1. Supportive Housing Units, as defined above.</li> <li>2. Space for the delivery of social services integrally linked to the housing. (MHP sec. 7304(b)(8))</li> </ol>	Per-unit limits based on location, bedroom count, and affordability level, posted on the Department website.	Approximately \$25 million.

**For projects receiving an award of Supportive Housing funding,** the chart below illustrates the MHP General and Nonresidential Space for Supportive Services funding that may be accessed via this NOFA and the eligible uses, loans limits, and amount of funding available.

<b>MHP Funding Set-aside</b>	<b>Eligible Use</b>	<b>Loan Limits</b>	<b>Amount Available under this NOFA</b>
General	<ol style="list-style-type: none"> <li>1. Other rent-restricted housing units, including Special Needs Population Units, as defined above in a development where at least 35 percent of the units are Supportive Housing Units.</li> <li>2. Space for the delivery of social services integrally linked to the housing. (MHP sec. 7304(b)(8))</li> </ol>	Same per-unit limits apply.	Funding sufficient to fully fund mixed projects until the \$25 million announced in this NOFA is exhausted.
Non-residential Space for Supportive Services	Space for the delivery of services directly related to the housing assisted by the requested MHP funds.	\$25,000 per restricted housing unit, up to \$500,000. This amount does not count towards the per-unit limits applicable to the Supportive Housing and General funding set-asides.	Approximately \$5 million.
<b>Please note that there is also a \$7,000,000 per-project limit on total MHP funds available under the Supportive Housing and General set-asides in this NOFA. Funds awarded from the Nonresidential Space for Supportive Services set-aside will be in addition to the \$7,000,000 per-project limit.</b>			

To be eligible under this NOFA, at least 35 percent of the units in the proposed development (and not less than five units) must be Supportive Housing Units. If this test is met, other Special

Needs Population units, as well as units available to the general public, may be funded under MHP's General set-aside (funds will not be deemed exhausted until the \$25 million allocation for Supportive Housing is utilized for Supportive Housing units). Special Needs Population projects that do not meet the 35 percent test may apply under the separate MHP General NOFA.

Nonresidential Space for Supportive Services funding is available only in conjunction with MHP funding for housing units awarded under this NOFA.

**C. Highlighted Program Changes.**

Some of the significant changes to the Program applicable to this funding round include:

1. The five percent cap on rent increases for existing tenants has been eliminated
2. Operating reserves requirements for tax credit projects have been reduced from a four month requirement, to three months of expense, reserves, and debt service. The operating reserve must now be funded entirely from development funding sources.
3. The debt service coverage ratio required in year one has been changed to a minimum of 1.10 and a maximum of 1.2, with some exceptions where required to maintain financial feasibility for 15 years and for projects jointly funded by California Housing Finance Agency (CalHFA).
4. A tie breaker provision has been added. The tiebreaker is a measure of average project affordability. The tie breaker provision applies only to the MHP General Allocation.
5. The amount of allowable Developer Fee payable from development funding sources has been increased.
6. The requirements for acceptable market studies were clarified to reference the February 2002 Tax Credit Allocation Committee (TCAC) Market Study Guidelines. HCD will require that market studies submitted to HCD meet the criteria in those guidelines that address purposes relevant to MHP.
7. The regulation of the use of operating cash flow has been modified in the interest of simplicity and in an effort to bring MHP requirements into conformity with the requirements of other lenders.

A comprehensive list of all the Regulatory changes complete with a detailed explanation of the changes will be posted to the Department's website on or about August 22, 2003.

**D. Eligible Project Sponsors.**

Sponsors and borrowing entities may be organized on a for-profit or not-for-profit basis. Any individual, public agency or private entity capable of entering into a contract is eligible to apply, provided that they or their principals have successfully developed at least one affordable housing project. Sponsors of projects where at least 70 percent of the units consist of Special Needs Population units or Supportive Housing units are exempt from the requirement for previous development experience under limited conditions Section 7303 (d).

Sponsors must also demonstrate a minimum of 24 months experience in the ownership or operation of at least one special needs or Supportive Housing project, and provide a letter of support from a local services funding agency.

Sponsors must have site control in the name of the Sponsor or an entity controlled by the Sponsor as defined in Uniform Multifamily Regulations (UMR) Section 8303.

**E. Eligible Uses of Funds.**

**Funds provided under the MHP Supportive Housing and MHP General Allocations** will be provided as permanent financing only, and may be used to take out construction loans used to cover normal project development (capital) costs, as detailed in Section 7304. MHP Supportive Housing and General funds may be used to capitalize a project operating reserve account up to the limit required under UMR Section 8308. Program funds may not be used for the cost of supportive services, although the cost of on-site supportive services coordination may be treated as a project operating cost, payable from operating income. MHP Supportive Housing and General funds must be attributable to the costs of “restricted” units (MHP units and units subject to a long-term regulatory agreement with occupancy and rent restrictions similar to those of MHP) or to the costs of facilities used for childcare, after-school care, and social service integrally linked to the restricted units.

**F. Eligible Projects.**

Projects must qualify as rental housing developments, as defined in UMR Section 8301, and meet the requirements of Section 7302. For example, projects must contain five or more dwelling units.

Projects funded under this NOFA must contain Supportive Housing units, as defined in Paragraph B, equal to the greater of five units or 35 percent of the total project units. Supportive Housing units must be restricted to households with incomes at 60 percent area median income (AMI) or less. Supportive Housing units must be used for permanent housing only. Non-Supportive Housing units may be used for either permanent or transitional housing.

Projects are ineligible if construction has commenced prior to the MHP award date, or if the project is already fully funded. Projects must meet standards described in UMR Section 8310.

Projects receiving nine percent tax credits are ineligible and the Department will not commit MHP Supportive Housing funds pending the outcome of a nine percent tax credit application. Therefore, projects which have a nine percent tax credit application pending at the time the MHP application is submitted will be disqualified. Furthermore, projects which apply for MHP funding and subsequently apply for nine percent tax credits will be deemed ineligible and any funding commitment will be immediately rescinded.

**G. Households Eligible for Supportive Housing Units.**

To be eligible for Supportive Housing units, households must be homeless or at-risk of homelessness, and include a disabled adult as specified below.

Homeless or at-risk of homelessness means:

1. moving from an emergency shelter; or
2. moving from transitional housing; or
3. currently homeless, meaning:
  - a. an individual who lacks a fixed, regular, and adequate nighttime residence; or
  - b. an individual who has a primary nighttime residence that is:

- i. a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); or
  - ii. an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - iii. a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; or
- 4. at risk of homelessness, meaning:
  - a. households with incomes at or below the greater of 20 percent of State Median Income (SMI) or AMI with no rental subsidy available to the household ; or
  - b. households with incomes above 20 percent but not exceeding 30 percent of the greater of SMI or AMI who:
    - i. face immediate eviction and have been unable to identify a subsequent residence; or
    - ii. face imminent release from an institution (i.e.; jail, hospital or foster care system); or
    - iii. reside in an overcrowded setting (more than two persons per living/sleeping area) in which the household does not hold a lease; or
    - iv. reside in substandard housing subject to a current official vacation notice; or
    - v. pay more than 50 percent of income in housing costs.

A disabled adult is an adult with a qualifying disability. Qualifying disabilities are:

- 1. Mental illness; or
- 2. HIV or AIDS; or
- 3. Substance abuse; or
- 4. Other chronic health condition, meaning an individual or household having:
  - a. a disability as defined in Section 223 of the Social Security Act (42 USC 423), or
  - b. a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes an individual's ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or
- 5. Developmental disability.

Note: For some rehabilitation projects, household eligibility may be established at initial occupancy. Sponsors of rehabilitation projects are encouraged to provide project-specific detail and to seek Department technical assistance prior to submittal of applications.

#### **H. Supportive Service and Property Management Requirements.**

Projects shall be designed to provide affordable housing with access to an array of services and amenities for tenants whose ability to live independently would be improved by the availability of such services and amenities. Supportive Housing projects shall be linked to on-site or off-site services that assist the tenant to: retain the housing, improve his or her health, and to maximize his or her ability to live and where possible, work in the community.

As part of the MHP application, sponsors must submit a supportive services plan documenting that the project will ensure the availability of services that meet the needs of the target population

served by the project, along with a line-item budget for the supportive services, itemizing all expenses and indicating the sources, amounts, and status (i.e., proposed or committed) of supportive service funds. The application must include commitments or letters of intent for a minimum of 25 percent of the total service budget.

The primary service provider for the project must demonstrate a minimum of 24 months experience in the provision of services to the targeted population, and a successful history of securing funds for similar activities.

The property manager must have a minimum of 24 months experience in managing a special needs or supportive housing project that would qualify as a rental housing development pursuant to UMR Section 8301 (o).

Applications must include a description of the service needs of each target population that will be served, the expected sources of referrals, and the sponsor's tenant selection criteria and tenant selection process.

**I. Maximum Loan Amounts.**

The maximum loan per project is \$7,000,000 (excluding funds awarded for Nonresidential Space for Supportive Services funding, which will be in addition to the \$7,000,000 limit). The maximum loan amount per "restricted" unit is a function of unit size, location, and affordability level. Tables illustrating the per-unit loan limits and targeted income limits and rents are available on the Department's website and will be distributed with applications at the Application Workshops announced in Paragraph S.

**J. Loan Terms and Security.**

Loans will have a 55-year term, and bear simple interest at the rate of 3 percent per year. For the first 30 years, annual payments will be required in the amount of 0.42 percent of the outstanding principal loan balance. The annual payment amount for the next 25 years will be set by HCD in year 30, and will be the minimum amount necessary to cover HCD's monitoring costs. Unpaid principal and accrued and deferred interest will be due at the end of the loan term. At the option of the sponsor, funding for Nonresidential Space for Supportive Services may be in the form of a forgivable loan (forgivable at the end of the 55-year affordability term, with no required payments during this term).

Cash flow remaining after payment of all debt service, Operating Expenses, required reserves and allowable deferred Developer Fee and Distributions per UMR Section 8314 shall be applied toward repayment of the MHP loan. If the terms of other public agencies' financing also require payments from remaining cash flow, the Department may agree to share the remaining cash flow with the public agencies in proportion to the respective loan amounts.

MHP loan documents will include a promissory note, deed of trust and regulatory agreement. The deed of trust and regulatory agreement may be subordinated to bond debt, and amortizing loans from institutional lenders and the federal government provided no balloon payments are due prior to the end of the MHP loan term. MHP loans may not be subordinated to local public agency loans or restrictions attached to these loans, unless the amount of the local loan is at least twice the amount of the MHP loan, Section 7306(e) and UMR Section 8315.

The MHP loan must be secured by the fee or a leasehold interest in the property acceptable to the Department. The term of a leasehold interest must be at least 90 years (65 years where the lessor is a public entity) from the date the MHP loan closes, excluding any unexercised lease extensions. If the MHP loan is secured by a leasehold, the owner of the fee and the borrower must sign a recordable lease rider approved by the Department. See UMR Section 8316 for other leasehold requirements.



**K. Rent and Occupancy Limits.**

MHP assisted unit rent and tenant incomes will be restricted in accordance with the rent and income limits proposed by the project sponsor in their MHP application, with rents not exceeding 30 percent of the applicable income limit. The maximum possible income and rent limits are those set by the Tax Credit Allocation Committee (TCAC), using its calculation methods: 60 percent of AMI, adjusted by household size, and 30 percent of 60 percent of AMI, adjusted by bedroom size. (These maximum limits are available on the TCAC website at <http://www.treasurer.ca.gov/CTCAC/ctcac.htm>).

Assisted unit rent increases will be limited in accordance with the rules governing tax credit units. Where the project receives Section 8 or other rental assistance subsidies, “rent” is defined as the tenant’s contribution, rather than the contract rent level. Sponsors of this type of project will be required to continue the rental assistance as long as it is available. Projects with rental subsidies must also be feasible with 50 percent of AMI rents for units garnering income-targeting points in the event the rental assistance is terminated Sections 7301(z) and 7312(d).

**L. Developer Fee and Distribution Limitations.**

Developer fees are limited in accordance with the schedule shown in UMR Sections 8312 and 8313. Distributions to the sponsor out of operating income are also limited in accordance with UMR Section 8314.

**M. HUD Section 811 Projects.**

For HUD 811 projects, the Sponsor must demonstrate its ability to make the required annual MHP debt payment (0.42 percent for the first 30 years, then adjusted to cover the Department’s cost of monitoring the loan). This may be done by capitalizing a reserve account, within the Development Budget, in an amount sufficient to cover the annual payment. However, please note that MHP bond funds awarded under this NOFA are not available to fund this reserve.

Prior to commencement of construction, the Sponsor must also provide the Department with evidence of HUD approval of the HCD approved Tenant Selection Plan, including specifically the deep income targeting and the homeless (or at risk of homeless) criteria required by the MHP Supportive Housing loan.

The Department will defer to the HUD reserve requirements for the life of the HUD loan. Upon expiration of the HUD loan, the Sponsor will then comply with the MHP requirements for both operating and replacement reserve accounts.

**N. Prevailing Wage Requirements.**

Pursuant to Health and Safety Code section 50675.4(c)(2), projects receiving assistance under this NOFA are subject to State prevailing wage law, as set forth in Labor Code section 1720 et seq.

**O. Important Legal Matters.**

HCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, HCD will notify all interested parties. This NOFA provides a partial summary of the MHP statute and regulations. In the interest of brevity, it does not cover many aspects of those governing documents, some of which may be of critical importance to individual projects. For this reason, applicants are urged to carefully review the regulations before submitting applications.

Article XXXIV of the California Constitution requires advance voter approval of certain publicly funded and regulated low-income housing projects. Projects funded by MHP Supportive Housing must either have Article XXXIV approval or be exempt from the need for this approval.

Sponsors must also be very careful to avoid violation of laws barring housing discrimination. HCD will review proposed tenant selection criteria for potential violations of these laws. It may condition funding on the elimination of restrictions that it believes to be impermissible, or reject an application where it determines that compliance with applicable law is not feasible.

As a general rule, tenant selection criteria that have the effect of discriminating against protected classes, such as those based on race, color, religion, sex, age, marital status, familial status, disability, national origin and sexual orientation, are prohibited. On the other hand, housing providers may establish reasonable selection criteria that are rationally related to the services performed and the facilities provided. The determination of whether tenant selection criteria are reasonable and whether the services and facilities are rationally related depends on several factors, including the specific needs of the targeted population, the nature and extent of the services and facilities provided, and sources of funding, other than funds from MHP, for such services and facilities. For example, a sponsor proposing to serve tenants with a particular disability may not be able to justify excluding persons with other disabilities having similar needs. Other than the ban on discrimination against protected classes, there are often few bright line rules to help Sponsors avoid illegal discrimination and each proposal must be analyzed on its own facts.

This is a very complex and in many ways unsettled area of law. Sponsors are encouraged to seek professional advice if there is any doubt that their proposal may run afoul of non-discrimination and fair housing laws. A useful resource is *Between the Lines, A Question and Answer Guide on Legal Issues in Supportive Housing*, recently published by the Corporation for Supportive Housing. This document is available online at [www.csh.org.pub.html](http://www.csh.org.pub.html) or by calling the publisher at (510) 251-1910.

In evaluating tenant selection criteria for Supportive Housing applications, HCD will first examine whether the criteria resulted from federal or state funding, as an indicator of legislative authorization. It will then review other aspects of the selection criteria, the services and facilities proposed to meet the needs of the targeted group and the proposed sources of other funding. If an applicant disagrees with HCD's determination, it may seek an alternate opinion from the California Department of Fair Employment and Housing (DFEH). HCD will defer to DFEH's opinion. Please be advised that a proposal may have substantial discrimination problems even though it targets a group specifically listed in the definition of Special Needs Populations in Section 7301 (s).

**P. Legal Authority.**

MHP was established by SB 1121, Statutes of 1999 (Alarcón), which created Chapter 6.7, commencing with Section 50675, of the Health and Safety Code. Applications submitted under this NOFA shall be subject to two sets of regulations (the MHP-specific Regulations and the UMR). These regulations are in the final stage of being amended or adopted. They are available

on the HCD website at <http://www.hcd.ca.gov/ca/mhp/>, are subject to change during the remaining portions of the rule-making process, including final review by the Office of Administrative Law. However, HCD expects that the final regulations will be substantially the same as the proposed version. Should the regulations change in any way that affects the application process, HCD will notify all interested parties immediately. Applications submitted under this NOFA are also subject to the applicable statutory requirements (including those of Proposition 46 and SB 1227 of 2002), and the requirements specified in this NOFA and the Attachments.

All section references in this NOFA refer to the proposed MHP regulation text posted on the HCD website unless otherwise noted. UMR section references refer to the proposed Uniform Multifamily regulations.

## APPLICATION PROCEDURES

### **Q. Application Process.**

The Application form will be available on the Department website on or about August 22, 2003. Applications for this funding round will be considered on an “**over-the-counter**” basis until available funds are exhausted. Applications will be accepted beginning at 8:00 A.M., Pacific Daylight Time, on September 15, 2003 and continue until 5:00 P.M., Pacific Daylight Time, June 30, 2004 or until such time before June 30, 2004 that the Department has received what it determines to be a sufficient number of applications to reasonably use all funds currently available.

Applications will be reviewed in the order in which they are received. The Department will endeavor to complete an initial staff review within 15 working days after receipt of the application. The initial staff review will include determinations of completeness, threshold eligibility issues, and initial point scores. Qualifying projects will then move forward into a feasibility review. Qualified projects, successfully passing all reviews will be scheduled for presentation to HCD’s Local Assistance Loan and Grant Committee (the “Committee”) each month beginning in December 2003. The Department will endeavor to schedule all recommended applications for presentation before the Committee within 60 days after receipt of the last item required for review. The Department’s date stamp on the last item required to complete the review will be used to determine the order in which applications are presented to the Committee.

**As more particularly described in Paragraph U below, projects must receive a minimum point score of 125, as determined by HCD staff, in order to be considered for a funding award. Additionally, projects must score at least four points in the Development and Ownership Experience of the Project Sponsor point category and at least five points in the Project Readiness point category.**

The Department will give notice on the Department’s website when a sufficient number of applications have been received to exhaust the Supportive Housing funds offered under this NOFA. Applications will not be accepted after such notice. Any applications received prior to the notice that are deemed eligible for funding will be prioritized based on the Department’s date and time stamp for the completed application. When the \$25 million in Supportive Housing funds has been exhausted, any remaining applications may be returned to the sponsor for submittal in a future funding round. The Department reserves the right to award more than \$25 million under this NOFA if necessary to fully fund the last approved project.

Nonresidential Space for Supportive Services funds will be awarded to projects in the order that they are approved by the Department, not in the order that they are received or deemed complete. It is possible that these funds will be exhausted while Supportive Housing funds remain available. If and when this occurs, successful applicants will be offered the Supportive Housing funds, conditioned on either: (1) identification of another funding source for the Nonresidential Space

for Supportive Services; or (2) reduction or deletion of the Nonresidential Space for Supportive Services from the project.

**R. Optional Pre-application / Technical Assistance.**

A pre-application is not required. The optional pre-application will provide a means for the Department to provide project-specific technical assistance prior to the submittal of a complete application. The Department will review and evaluate the pre-applications for sponsor and project eligibility, site control, development experience, Supportive Housing Project Plan, financial data, and establish a preliminary point score for the project. A full and complete application must be submitted before full evaluation and scheduling the project for presentation to the Committee as outlined in the Paragraph Q.

The pre-application form and the application form will be available on the HCD website: <http://www.hcd.ca.gov/ca/mhp/>.

**S. Application Workshops.**

Application workshops (no registration) are scheduled as follows:

<b>Date</b>	<b>Location</b>	<b>Supportive Housing Focus Presentation <sup>1</sup></b>	<b>General MHP Application Presentation <sup>2</sup></b>
September 10, 2003	Ronald Reagan State Building 300 South Spring Street Los Angeles	9:00 – 12:00	1:30 – 4:30
September 12, 2003	San Diego State Building 1350 Front Street, Room B-109 San Diego	9:00 – 12:00	1:30 – 4:30
September 15, 2003	HCD Headquarters 1800 Third Street, Room 183, Sacramento	9:00 – 12:00	1:30 – 4:30
September 19, 2003	Elihu Harris Building 1515 Clay Street, Room 2 Oakland	9:00 – 12:00	1:30 – 4:30

The morning and afternoon Workshop sessions will both begin with a presentation of MHP Regulatory changes that affect application requirements.

<sup>1</sup> The morning Workshop sessions will focus on application and project requirements that are specific to Supportive Housing and Special Needs Population Projects. Sponsors of Supportive Housing and Special Needs Population Projects are strongly encouraged to attend both sessions.

<sup>2</sup> The afternoon Workshop sessions will be an overall MHP application review that includes requirements for MHP General Projects that also apply to Supportive Housing Projects.

**T. Application Submittal Procedures.**

Applications must be submitted on forms provided or approved by HCD. Application forms must not be modified. A complete original application, plus one copy, must be received by the Department.

To receive an application package, please visit HCD's web site on or about August 22, 2003, or contact Anne Gilroy at (916) 327-2886 or [agilroy@hcd.ca.gov](mailto:agilroy@hcd.ca.gov). Applications must be delivered to one of the following addresses:

**U.S. Mail**

Anne Gilroy  
Department of Housing and Community  
Development  
Division of Community Affairs  
P.O. Box 952054  
Sacramento, CA 94252-2054

**Private Carrier**

Anne Gilroy  
Department of Housing and Community  
Development  
Division of Community Affairs  
1800 Third Street, Room 390-5  
Sacramento, CA 95814

It is the applicant's responsibility to ensure that its application is clear, complete and accurate. After the application has been received, MHP staff may request clarifying information.

**U. Application Point Scoring.**

The criteria that will be used to score projects are described in Section 7320, and summarized below. In assessing whether a project is "At risk", MHP will use the same standards as TCAC (See TCAC's regulations, Section 10325(g)(5), available on their web site as identified above).

**Projects must receive a minimum point score of 125, as determined by HCD staff, in order to be considered for a funding award. Additionally, projects must score at least four points in the Development and Ownership Experience of the Project Sponsor category and at least five points in the Project Readiness category.**

Criterion	Max. Points	
Extent Project serves the lowest income levels.	35	The income levels referenced in the regulations are posted on the Department website.
Extent the Project addresses the most serious local housing needs.	15	
Development and ownership experience of the Sponsor	20	
Percentage of units for families or Supportive Housing units and "At-risk" Rental Housing Developments.	35	"At-risk" projects receive full points in this area.
Leverage of other funds.	20	Projects demonstrating collaboration will receive a competitive advantage in the leverage category. See note below for specific requirements. <sup>1</sup>
Project readiness	15	
Adaptive Reuse/Infill/Proximity to amenities	10	Projects requesting only MHP Supportive Housing funds will receive the full 10 points.
Total	150	

<sup>1</sup>Note:

- Projects where the application demonstrates collaboration with programs that meet the needs of disabled tenants at high risk of homelessness will receive a competitive advantage in the Leverage scoring category. Applications will be deemed to meet the “collaboration” criteria if the application documents a commitment from an organization other than the applicant or affiliates of the applicant to provide a portion of the services to project residents. Cooperation among specialized intra-organizational programs, groups, or departments may also qualify as collaboration.
- In applying this criterion, “high risk of homelessness” will be demonstrated by meeting any of the criteria listed in Paragraph G, Sections 3 or 4.
- For projects that qualify, maximum points in the leverage category will be awarded as follows:

For projects where less than 75 percent of total units are Supportive Housing units, maximum points will be awarded when permanent non-program funds equal 250 percent of MHP funds.

For projects where 75 percent or more of total units are Supportive Housing units, maximum leverage points will be awarded when permanent non-program funds equal 150 percent of MHP funds.

**V. Disclosure of Application.**

Information provided in this application will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosable to any person making a public records request. As such, we caution you to use discretion in providing us with information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information to the Department, the sponsor is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

Questions should be directed to the MHP program staff at (916) 323 - 3178. Thank you for your interest in the Multifamily Housing Program.

Sincerely,

William J. Pavão  
Deputy Director

Attachment:

## **Attachment**

# **Multifamily Housing Program (MHP) – Supportive Housing Nonresidential Space for Supportive Services Funding Requirements**

**Funds Available: \$5 million**

### **A. Purpose.**

The purpose of the Nonresidential Space for Supportive Services funding component of the MHP is to improve the lives of the residents of an MHP - Supportive Housing funded project by creating nonresidential space for the provision of supportive services.

These funds are available as forgivable post-construction loan funds that will be used to “take-out” construction period funds utilized for the construction of the space where the services shall be provided. These funds cannot be used for construction period funding and cannot be used to fund the services themselves. Persons other than residents of the MHP-funded project may receive the services offered in the space but residents of the MHP-funded project must be given priority over the general public.

To insure that the purpose of the Nonresidential Space for Supportive Services is realized, the supportive services provided in the space should be flexible, enrich the residents’ quality of life, maximize independence, provide greater life stability, provide opportunities to improve personal economic status and meet the specific supportive service needs of the residents of MHP projects. Supportive services shall be provided by staff trained in working with the targeted population.

### **B. Eligibility Requirements.**

1. The Nonresidential Space for Supportive Services proposed for funding must be included as a component of an application for a rental housing development project that receives an award under the MHP - Supportive Housing 2003-04 NOFA, dated August 15, 2003. The rental housing development project does not have to be a project that will serve an eligible Special Needs Population. For example, the project could be targeting families and the Nonresidential Space for Supportive Services would be used to fund the development of a child care facility that would be located across the street from the rental housing development project. Projects that have received MHP funding under a prior NOFA are not eligible to receive these funds; and,
2. The Nonresidential Space for Supportive Services funds must be used for capital improvements of a space or facility wherein supportive services will be provided on a priority basis to the project residents. and,
3. The use of the Nonresidential Space for Supportive Services must be directly related to the delivery and availability of supportive services to the project residents; and,
4. The Nonresidential Space for Supportive Services must be located within, or immediately proximate to, the project to be funded under this MHP – Supportive Housing NOFA.

Immediately proximate is adjacent to the project site or directly across the street. The supportive services space must be located on real property owned or leased (with a remaining term of at least 90 years, or at least 65 years if the lessor is a public entity) by the Sponsor of the MHP – Supportive Housing project or an entity controlled by the Sponsor.

**C. Nonresidential Space for Supportive Services funds are not eligible for the following uses unless directly related to the provision of services listed under item 4. below:**

1. community rooms;
2. general commercial or retail space;
3. general purposes space;
4. community kitchens;
5. sponsor or supportive services provider's administrative offices;
6. playgrounds; and
7. other uses not specifically serving the needs of the population served by the project.



**D. Requirements of supportive services utilizing the Nonresidential Space for Supportive Services.**

Services must be linked to the needs of residents who will occupy the MHP – Supportive Housing project and may include:

1. services identified in the approved Supportive Housing Population Project Plan when such Plan is required in conjunction with a Special Needs Population project;
2. health services;
3. childcare;
4. computer rooms enhancing vocational or job training;
5. education;
6. case management;
7. after school educational programs; or
8. job training.

Service providers utilizing the Nonresidential Space for Supportive Services must ensure that services are affordable and available to residents of the MHP – Supportive Housing funded project on a priority basis over the general public.

**E. Loan Amounts and Conditions.**

1. Awards are limited to the lesser of \$25,000 per Restricted Unit or \$500,000 per project.
2. Funding will be in an amount that is in addition to any applicable MHP per-unit or project loan limits, pursuant to MHP Regulation Section 7307.



3. Sponsors must demonstrate site control for the real property on which the Nonresidential Space for Supportive Services will be located, pursuant to Uniform Multifamily Regulations Section 8303.
4. Loans will be awarded only for projects that receive an award under the MHP- Supportive Housing 2003-04 NOFA, dated August 15, 2003.
5. Loan funds shall be disbursed at the time of the permanent MHP loan closing.
6. Loans for Nonresidential Space for Supportive Services will be documented by a promissory note with an annual interest rate of three percent and a term of 55 years. The promissory note will be secured by the MHP Deed of Trust and subject to the MHP Regulatory Agreement. The Nonresidential Space for Supportive Services funds and accrued interest are forgivable at the end of the 55 year loan term if the borrower has complied with the terms of the Regulatory Agreement for the term of the loan. Compliance requires the continuous use of the space for the purposes indicated in the Regulatory Agreement.
7. Changes and/or alternative uses of the Nonresidential Space for Supportive Services must be approved in writing by the Department prior to the proposed change in space use.
8. The annual MHP loan payment (.42 percent of the outstanding principal loan balance for the first 30 years and adjusted thereafter) will not be applicable to the supportive services space loan amount.
9. At the request of the Sponsor, at the time of application, funding for the Nonresidential Space for Supportive Services may be subject to MHP loan repayment terms, pursuant to MHP Regulation Section 7306 and Section 7308.

**F. Project Selection Criteria.**

Awards will be made to fundable Supportive Housing Projects in the order they are awarded funding, until the \$5 million of available Nonresidential Space for Supportive Housing funds are exhausted.

**G. Other Considerations.**

1. In the event that Nonresidential Space for Supportive Services funds are not available (e.g. the funds have been exhausted), Sponsors of fundable MHP – Supportive Housing projects will be required, as a condition of funding the MHP – Supportive Housing project loan, to demonstrate the MHP – Supportive Housing project’s feasibility by either:
  - a. identifying another funding source for the Nonresidential Space for Supportive Services; or
  - b. electing to not include the Nonresidential Space for Supportive Services as part of the MHP-Supportive Housing project.
2. Funding for the Nonresidential Space for Supportive Services will not be considered in the leverage scoring calculation contained in MHP Regulation Section 7320 (b)(5).